

April 28, 2010  
6:00 P.M.  
Newport, Oregon

## **CALL TO ORDER**

Co-Chair Robert Smith called the April 28, 2010, meeting of the City of Newport Budget Committee, to order at 6:00 P.M.

## **INTRODUCTIONS**

Smith stated since there are new members on the budget committee, he asked for introductions all around with a brief history of each member. All members obliged. Members present at the meeting were: Co-Chairs Robert Smith and David Allen, Chip Norman, Lon Brusselback, Terry Obteshka, Chuck Forinash, Patricia Patrick, Dac Wilde, Bill Bain, Mark McConnell, Janet Webster, Richard Kilbride, Jeff Bertuleit and Don Huster.

Staff included: Jim Voetberg, City Manager, Ross Schultz, Interim Finance Director, Linda Brown, Asst. Finance Director, Penelope McCarthy, City Attorney, Lee Ritzman, Public Works Director, Ted Smith, Library Director, Mark Miranda, Police Chief, Rick Crook, Fire Chief, and Cheryl Atkinson, Executive Assistant

Smith asked Voetberg to speak to the revised budget document. Voetberg explained because of the many small changes made throughout the budget it was determined to provide the committee with an entirely revised document. Voetberg reported, in his negotiations with the Police Union, they have agreed to a pay freeze. Because of this, Voetberg will be recommending to the committee to retain the one police officer. With other budget cuts that were made in the police budget, the records clerk will also be retained. Voetberg said with both the police and fire unions making concessions, he will recommend no 2 % cola increase for the non-represented employees in the 2010-11 Budget.

Voetberg reported with the savings made throughout the general fund by the salary changes, there is now \$440,000 in reserves, which brings it up to 4.3%. He stated we could shoot for a three year target to bring it up to 10%, as requested. He thanked both unions for stepping up during these tough times.

Smith indicated he would be changing the order of the agenda this evening.

## **ITEM VI - DISCUSSION REGARDING FY 10/11 DESIRED PERCENTAGE FOR GENERAL FUND RESERVES**

Bain said "Bravo" for the improvement. He commented would like to see us at 10%, but probably difficult to get there in a week. He thought Council could

support this percentage, but it was very important to get our reserves built back up.

McConnell noted Council sets and establishes goals, and why they did not set the amount of reserves needed in the budget as a goal this year, he did not know.

Kilbride said he could support the 4.3% reserve, since the goal is to get to 10% soon. McConnell suggested the City try to get to 15% in 5 years, and try and reach 20%. McConnell commented the reserve should not be spent unless there is an extreme emergency, and if it does get spent for any purpose, it should be reimbursed.

Allen addressed the low reserves in the other funds, as well as the general fund. He asked how the city can build those reserves, and noted that a discussion needs to occur with regards to that.

Brusselback pointed out the League of Oregon Cities recommends the reserve percentage be between 10 and 12 percent. Large sums of reserve funds should not be sitting idle.

Webster commented there are many large projects occurring right now, which could run over their budgeted amount, and a bigger reserve is a definite need.

Allen suggested placing the reserve and/or contingency funds in an unappropriated line item in the budget, which would lock them away, and be more difficult to access.

#### **CONTINUED PUBLIC HEARING ON THE CITY OF NEWPORT PROPOSED 2010-11 BUDGET AND THE CITY OF NEWPORT URBAN RENEWAL AGENCY PROPOSED 2010-11 BUDGET**

Smith reminded people the public hearing was still open as it was continued from the April 21<sup>st</sup> meeting. The hearing opened at approximately 6:20 p.m.

Brook Day, Newport Police Records Clerk, spoke first. Brook gave a brief work history, which included being a 911 operator. She expressed how important it is to keep your emergency service departments well staffed, allowing them to respond as quickly as possible to life/death situations. She asked the committee to maintain the current police budget when making their considerations this evening.

Don Mann, the Port of Newport Director, stated he was pleased to hear the City Manager was able to maintain emergency services as they currently stand, as they are very important to the community. Mann commented that over his 14 year tenure with the Port, he has developed a good working relationship with both police and fire. He noted the growth occurring in the South Beach area, and how we need to have all available emergency services for that area, as well as the

North side. Mann asked the budget committee to consider making no cuts with regards to the emergency services for the city of Newport.

Ken Real, President of the Newport Police Association, expressed his appreciation of all who served on the budget committee. He said it was good to get everyone to the table to work on the budget issues, from association members to management.

### **ROOM TAX FUND**

Patrick spoke to airport needs, and said a full time person should be hired to greet people and answer questions as they arrive at the airport. She said she has been out there at least five times, and no one was there. Voetberg said that Seaport should provide a person at the FBO desk to greet their customers as they arrive. It is not a city responsibility.

Wilde suggested that perhaps a volunteer could help out in greeting people at the airport. The committee had heard last week there is a group of volunteers offering their services for the airport. Norman indicated the city might want someone in that position with airport operations experience. McConnell asked how this position would be paid for, and Patrick responded it should come out of room tax, since it is tourist related.

Kilbride commented that he charts room taxes monthly, and as it stands now the taxes could come in short of budget. He said it depends on different factors. He also noted the proposed budget is 3% over budget from this year's budget, and he is concerned. He asked if the city can adjust should the collections not come in as projected, and make the necessary cuts next year. Schultz commented he thought the room taxes would come in as projected, and we still have April, May and June to record. He said nobody has a crystal ball to tell the future, but he was hopeful that NOAA would bring in more room taxes as they begin relocating to Newport. He also indicated the city will begin enforcing room taxes on those who currently are not paying their room taxes, and tighten down the system. He said he was hopeful the economy would begin turning around soon, or at least remain flat. A brief discussion ensued with regards to the method for obtaining the delinquent room taxes.

McConnell stated he did not want to see the room tax fund overspent this coming year. Allen agreed, and asked if there were any plans for the \$1,000,000 in the room tax fund that had been set aside for an events center. Bain commented there had been different propositions for the \$1,000,000; one being the request from the Friends of the Aquatic Center for a new swimming pool. Bain further commented that the funds need to be used for a tourism related facility. Smith said it appears this matter would be a city council issue not the budget committee.

Allen suggested using more of tourism related items from the room tax fund at the airport. He was sure a percentage of the room tax could be used for a tourism related facility, which the airport is. He further commented on building up the reserves so more could be used at the airport.

Bertuleit inquired about the tourism marketing grant program and if it was included in this budget. Brown reported there was \$25,000 budgeted for this program. Forinash asked about the status of the way-finding project. Voetberg indicated we hope to have signs in the ground by early summer with signage to be posted first in the Nye Beach area by the end of summer. There is \$90,500 in the budget for this to occur.

### **POLICE DEPARTMENT:**

Chief Miranda invited all budget committee members to fill out the application form he had provided to do a ride along with an officer. He stated this would give each of them a view of what an officer does on each shift. Webster said she would like to see the officers riding their bikes, or walking their beat on the bay front.

A question was asked on the cost of the K-9 unit. Miranda responded that it is roughly \$5,000 a year, and they still receive some donated veterinary care for Eyan. Miranda explained a federal grant had been received that helped to purchase the "special" vehicle for the dog, and 6 weeks of training. Patrick asked if all the grant funds had been spent, and the answer was yes. Patrick also asked if there was a record on assists Eyan may have provided for the officer during an arrest. Miranda said there were no records on arrests he had assisted in, but they do have information on when he discovers illegal drugs, and he has been very successful. Miranda noted that Eyan is loaned out to other agencies at times. Patrick asked if the city was compensated for his services. Miranda explained that his services are treated as mutual aid with the other agencies. It was also pointed out that the dog is bonded with one, and only one police officer. This officer needs to be able to interpret the dogs signs when drugs are located. Brusselback asked how the department could measure the success of the program. Miranda said it would have to be by the number of drug finds that Eyan accomplishes. It was also pointed out the officer that works with Eyan also performs other officer duties.

Changes made to the police budget were discussed. Those included: \$10,000 cut from investigations, \$5,000 cut from radio communications, and \$3,000 from parking enforcement. The \$10,000 included funds for a local person to do polygraphs. Miranda reported that by 2013 all radios will need to be compliant with the emergency radio system. He is a little concerned by that, but he has been doing radio upgrades as they become necessary. The department does not plan on using the parking enforcement vehicle this coming fiscal year, as it would cost more to repair than it is worth. Brusselback recommended having the

parking enforcement officer ride a bicycle. Miranda stated they will be contracting for the parking enforcement program this year.

Allen asked if the \$150,000 budgeted for overtime would be adequate. Miranda stated they only have control over the special event overtime hours, but no control over the required court overtime. Miranda stated he is concerned should a large event occur whereby his officers would have to work many overtime hours. He said they can work with it, but it will be close. It was noted the police department's final budgeted number did increase, as the police officer and clerk were added back into their budget.

Kilbride stated the city's police budget is \$3,000,000 with similar size coastal communities being much smaller. Miranda shared some comparison numbers between Newport and other coastal communities, and commented that we are more comparable to Seaside. Kilbride also commented the comparables were numbers from 2006 and 2008. Kilbride did comment he would support the police budget because of the concessions made by their union.

Bertuleit indicated the police department utilizes a large number of volunteers, and those hours have to benefit the department and is a real plus. Miranda totally agreed, and shared many of the projects and hours involved that the police volunteers provide for department.

Norman commented on the ability to review the budget numbers at least every six months to make sure the numbers are working. Voetberg responded it has only been in recent months that a monthly fiscal report has been generated, and thanked Schultz for that occurring. Voetberg further stated that department heads will now be able to monitor their budget numbers more closely this coming budget year, and know immediately if adjustments need to occur.

#### **BREAK:**

Smith called for a five minute break at approximately 7:07 p.m. The meeting resumed at approximately 7:15 p.m.

#### **FIRE DEPARTMENT:**

Chief Crook thanked the city manager and management for assisting in getting to where we are tonight. He stated the community is going through some pretty difficult times. He commented he was here this evening to answer any questions committee members may have.

Bain asked if the IGA payment showing a 3% increase was for the Rural Fire Protection district, and Crook responded yes. Crook spoke to the FEMA funds that were in the budget for this year, and he explained it was for grants they applied for but did not receive. Discussion of a 3 year "wish list" for equipment

was discussed. Crook shared some of those items, but commented that the essential ones were included in the budget.

Patrick asked about the control building costs included in the budget. Crook explained it was a two phase project. The first phase had included the training tower, and the second phase includes the removal of asbestos from the old office building to make it accessible and usable for the volunteers as a training facility.

Allen asked about the number of volunteers currently serving the department, and if numbers were down. Crook said they have in the neighborhood of 28, and the numbers are definitely down. Crook explained reasons for the decline in numbers, one being that volunteers had to leave the community as they could not support their families here. He further noted they are actively recruiting for volunteers.

Discussion ensued with regards to the budget issues being deferred in the fire department budget, and those deferrals did not include any safety related equipment. Crook said there may have been a misunderstanding with that issue. Webster asked if the maintenance of buildings and vehicles had remained steady over time, and Crook responded it has been growing.

Obtreshka asked the minimum age of a volunteer and was told it was 18 years. Crook did explain there is a cadet program for high school age children, 16 to 17 years in age. He stated we are not actively recruiting for this program, but the membership ebbs and flows with this program.

Bertuleit inquired about the beach rescue vehicle. Crook stated it is a 4x4 pickup that was retired from the military, and it is a real "trooper" for the department. It is galvanized and it will last a very long time. The department also has 3 quads that they use mostly during the summer months.

McConnell asked with the budget issues if it reflects in the recruitment of volunteers. Crook said he would like to do more for the volunteers, but understands the tight budget.

Crook reported there was not much travel and training included in his budget. A couple of his staff have required AARP training each year for the AARP airport truck. He said it is expensive training that takes place in Moses Lake, Washington.

Allen asked if the personal protective gear budget is adequate in the proposed budget, and Crook responded yes. Crook did indicate that if his vehicles have a major breakdown that is not covered in this budget, but the day-to-day maintenance is. Crook further reported that the budget committee was kind enough in last year's budget to approve expenditures for a new aerial truck and water tender, and he shared the status of both.

Bertuleit said it may be time to begin imposing a fee when the Fire Department has to respond to medical calls. Crook stated that his staff and he have had this discussion recently. He did explain the fire department is not in the transporting business, but rather to support the private entities.

### **LIBRARY:**

Ted Smith, Library Director, spoke next. Brusselback asked Smith if he had a wish list what would be on it. Smith said he actually had only one item and that would be to have a “professional expansion study” completed for the Library. He stated it is difficult to plan for the future without this information.

Webster inquired about the library having an RFID system. Smith said that could be added to his wish list. The benefits of having such a system and the costs involved were discussed. Norman said it would pay for itself over time with stopping the loss of books being taken from the library.

Chair Smith thanked the Library Director for the great involvement the library has with our Hispanic population.

Allen suggested adding the RFID system into the budget next year. Patrick asked about the library applying for grants. Smith explained everyone on his staff applies for grants on a regular basis. Many times the grants ask for a match, and that is not always in the budget. He commented the Library Foundation has assisted sometimes in making a grant match.

Smith strongly supported his staff and the need for a library in a community. He stated many people may come to Newport for a job, but they will remain in our community for the cultural programs that are offered. He commented he did not feel the library or the recreation center was a luxury, as mentioned in a previous budget meeting.

A brief discussion ensued with regards to e-books and the availability the library currently has.

### **PUBLIC WORKS:**

Lee Ritzman, Public Works Director, came forward. Patrick commented she had received a letter from AFSCME and was wondering if anyone else on the committee had received a copy. It was determined that only Council members had been sent copies, and Allen stated that all the budget committee members should receive a copy. Staff was asked to scan and send a copy the next day if possible. Bain said the committee may want to be careful with this communication since it is from a bargaining union.

Ritzman gave a brief description of why a portion of the public works department had been moved into the general fund. He explained it included engineering staff

and administration, as well as building maintenance. Streets, Water, and Wastewater still have their own enterprise funds, but are managed by the public works director. Ritzman reported the street fund is getting further behind because of the dwindling state revenues coming our way. He further commented that the water, wastewater and street funds pay a portion of their funds to the general fund so it is not a burden on the general fund.

Ritzman stated his budget shows no increase for this year. The position of deputy director that is being recommended will be a transfer from the vacant position created when the street superintendent retired. Ritzman noted he would not be requesting this position if he did not feel strongly that it was needed. This position was advised a couple of years ago, but the interim city manager cut it from the budget. Ritzman further explained that over the past 6 to 8 years he has lost three engineering positions, but the work has not slowed down. He stated the city would see a funding payback of \$75,000 to \$100,000 with this position being on the job and inspecting projects day in and day out.

Allen inquired if there was outsourcing currently occurring. Ritzman responded yes. He asked if that was because it could not be handled within the department, or if there was some other reason for so much outsourcing. Ritzman stated there were a couple of reasons. There is an ebb and flow in the department with projects coming and going, as well as the need for subspecialists. He gave examples of engineers that are required with geo-technical skills to perform environmental review of wetlands that he does not have on staff.

Bain inquired if public works projects are sometimes funded by the bond funds, such as from the new water treatment bond. Ritzman explained that 20 to 25% of the total engineering costs can come out of the bond. Bain asked to what degree do the projects affect the general fund. Ritzman said they always try and take the engineering and administrative costs out of the project itself.

Ritzman noted the \$35,000 listed in the budget for the sewer master plan update will not cover the cost as he originally reported.

Patrick asked how many worked in the administrative offices. Ritzman named the employees. She commented it appears public works is spending a lot on engineers and two clerk positions.

Webster asked the type of expertise that would be expected for a project manager. Ritzman said they would need to be able to design sewer, water and street projects, have a college degree, along with several engineering degrees. They may not be required to stamp design plans per se, but definitely will manage projects from beginning to end.

Obtreshka inquired if the deputy director would be doing engineering work or administrative work. Ritzman responded that it would include very little administrative work, if any.

Allen mentioned Interim City Manager Shaddox had suggested at last year's budget meeting that a way to build reserves was not to replace personnel when they retired or left the city's employment. Allen asked if it was absolutely necessary for the deputy director position be filled. Ritzman responded he would like to say yes. He commented that his department is the only department in the last 15 years that is down two people. He stated the city has not grown smaller, nor the demands any less and projects have become more complicated over the years.

Voetberg stated this is a critical position, and it will assist the city in handling our growing infrastructure by having more local control when the projects are occurring.

Huster indicated it would be good for this position to be able to stamp drawings and be a P.E. Kilbride said he has a hard time approving a budget he knows nothing about. He commented the public perception is not very good with regards to the public works department not getting anything done. He stated he is not convinced a position is needed in this department. Bain commented that a new position is not being created, but moved from the street fund over to the general fund.

Smith noted the meeting was going past the 8:30 p.m. hour, and he requested that Ritzman prepare a specific project list for his department, including the employees involved with the projects. The committee will start where they left off at this meeting next Wednesday. There being no further discussion, the meeting adjourned at approximately 8:34 p.m.